



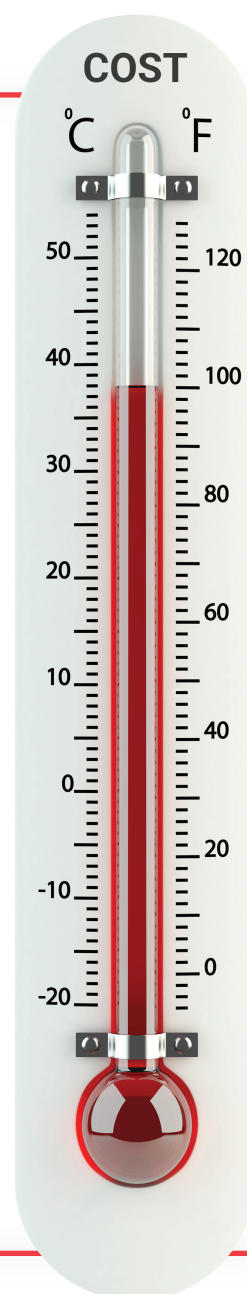
# Carved-Out Pharmacy Benefits Contract Saves Utility Co-Op \$1.1 Million

## The Challenge

A growing electrical membership cooperative offered an incredibly rich benefit plan design to attract and retain its high-quality workforce. However, with unrelenting escalation of their prescription drug costs, the co-op's pharmacy spend had reached \$3.8 million annually (net of discounts, member cost share, and rebates).

The ability to continue offering the level of benefit was proving more and more difficult each year. The electrical co-op leaders were looking for solutions that would help control costs without transferring the burden to their 1,600 benefit plan members. Additionally, they had to ensure that any changes in benefits would not disrupt their plan members.

**\$3.8M** Annual Pharmacy Spend



## The Solution

In partnership with RxBenefits, the co-op's benefits consultant requested a thorough evaluation of the electrical cooperative's pharmacy arrangement. The RxBenefits team analyzed raw claims data to evaluate the co-op's current performance and identify cost-savings opportunities and recommendations. The proposed solution would increase the co-op's limited visibility into its specific pharmacy cost drivers and optimize its pharmacy contract for maximum savings and minimal member disruption.

**Unbundle the pharmacy contract:** By separating the pharmacy benefit plan from the medical benefit, the co-op would be able to manage its prescription drug costs independent of its medical carrier. In the carved-out pharmacy benefits arrangement, it would be free to contract with the pharmacy benefit manager (PBM) that it believed to be best aligned with their objectives to lower costs while maintaining member access to essential medications.

**Negotiate a competitive contract:** With a carved-out benefit, the co-op would achieve a more competitive pharmacy contract. Upon recommendation from its consultant, the co-op chose to partner with RxBenefits using an annual contract with one-year terms so that it could take advantage of annual pricing improvements, optimized rebates, and performance guarantees at the client-level.

**Balance member access and cost:** Because the co-op was previously carved in with their medical carrier, it was forced into a one-size-fits all arrangement for pharmacy benefits. By partnering with RxBenefits, the co-op experienced the best of all worlds—a high-performing contract and the option—but not requirement—to implement additional clinical programs. The co-op elected to limit the level of clinical edits imposed and offered an open formulary without exclusions to its members.

## Overall Optimization Results

The independent PBM arrangement via RxBenefits provided a more sustainable option for the co-op and generated significant savings to support its long-term benefit planning objectives. The co-op's new carved-out pharmacy benefit helped set the stage for improved analytics and enhanced benefits communication efforts.

**28.6%** savings year-over-year when compared to previous effective rates and rebates

**\$1.1M** savings in pharmacy costs after a full year under a carved-out pharmacy contract



Are you paying too much for your pharmacy benefits?  
To learn how we can help you lower costs and improve care, contact your local business development executive.

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